

VZCZCXYZ0000
PP RUEHWEB

DE RUEHME #2626/01 2462003
ZNR UUUUU ZZH
P 032003Z SEP 09
FM AMEMBASSY MEXICO
TO RUEAUSA/DEPT OF HHS WASHINGTON DC PRIORITY
RHEHAAA/NSC WASHINGTON DC PRIORITY
RUEHC/SECSTATE WASHDC PRIORITY 8125
RUEHRC/USDA FAS WASHDC
RUCPDOG/USDOC WASHINGTON DC
INFO RUEHOT/AMEMBASSY OTTAWA 2650

UNCLAS MEXICO 002626

SENSITIVE, SIPDIS

STATE PASS USTR/MURPHY, MELLE, O'CONNOR
NSC FOR RESTREPO/O'REILLY
USDA FOR FFAS/MILLER, FAS FOR OA/MICHENER, STOLL,
- ADAMS; OCRA/HIGGISTON, ZANIN; OSTA/HAMILTON;
- ONA/RIEMENSCHNEIDER, GRUNENFELDER
PASS APHIS FOR SMITH, FSIS FOR ALMANZA, JONES
HHS FOR FDA
COMMERCE FOR ITA/MAC/DAS/AC/SKIP JONES AND
- ITA/MAC/DAS/WH/WALTER BASTIAN

E.O. 12958: N/A
TAGS: [EAGR](#) [ETRD](#) [NAFTA](#) [TBIO](#) [MX](#)
SUBJECT: ECONOMIA ON REG COOPERATION, 5-MINISTER MTG

REF: MEXICO 2308

SENSITIVE BUT UNCLASSIFIED

¶1. (SBU) SUMMARY: Mexico's Secretariat of Economy (SE) seeks to advance the cause of trilateral regulatory cooperation and proposes some further steps in the realm of sanitary-phytosanitary work, to be followed by non-agricultural issues in coming months. SE seeks a meeting of the Free Trade Commission on the margins of the APEC meeting November 11-12. SE also wishes to schedule a 5-minister conference soon, if possible this year but no later than February 2010. END SUMMARY.

SE'S DESIRED MEETING SCHEDULE

¶2. (SBU) SE Under Secretary for International Trade Negotiations Beatriz Leycegui advised emboffs September 1 that

- SE seeks a pre-meeting on September 22 in Washington to prepare for a subsequent meeting of the Free Trade Commission;
- SE hopes a Free Trade Commission meeting can be scheduled around the APEC meeting November 11-12 to take advantage of the presence of the relevant principals;
- SE recognizes that Commerce Secretary Locke wishes for Secretary of Economy Ruiz Mateos to attend the 2009 Americas Competitiveness Forum in Chile September 28-29, but regrets Ruiz Mateos cannot. SE would like a bilateral meeting between Secretaries Locke and Ruiz Mateos in either WashDC or Mexico City at both sides' earliest convenience.
- SE regrets it cannot be represented at a high level at the Detroit NAFTA meeting at which Commerce Secretary Locke will speak (September 9/10), but that date conflicts with the Free Trade Commission meeting in WashDC.

- Please see para 11, below, on SE's desire for a 5-minister meeting.

REGULATORY COOPERATION

13. (SBU) Juan Antonio Dorantes, Director General for Foreign Trade Analysis, said he has been in touch with USTR on the issue of a regulatory cooperation framework. He explained that following the North American Leaders Summit in Guadalajara, SE's leadership recommended not changing the memorandum of understanding of the Consultative Committee on Agriculture (CCA) to accommodate regulatory cooperation, but rather to fold regulatory cooperation into the Security and Prosperity Partnership (SPP). The logic, he said, is that SPP is trilateral while the CCA is only bilateral, and regulatory cooperation should encompass all three North American countries.

14. (SBU) Leycegui added that the Secretariat of Agriculture (SAGARPA) may also not wish to amend the CCA MOU, but may instead aim for procedural changes (NOTE: AgMinCouns will consult with SAGARPA this week. END NOTE).

15. (SBU) Dorantes continued that the North American Leaders Summit cited the regulatory cooperation framework and mandated continuing efforts with timeframes. He said Mexico is compiling a list of 11 initiatives, ranging from the Asian gypsy moth to chemical harmonization, which list it will prioritize and winnow with input from its private sector. He said Mexico hopes for a memorandum of understanding on regulatory cooperation to "strengthen cooperation" but with an additional objective of linking cooperation to the Free Trade Commission and the NAFTA Committee on Regulations and Standards.

16. (SBU) Dorantes acknowledged U.S. concern about the prospect of potential mandatory standards and Canada's concern about that country's need for Parliamentary approval, but said Mexico plans to move forward with a draft workplan. After that, Mexico will seek to create a mechanism for consulting with the private sector, à la the U.S. practice, and to seek public comment. Dorantes explicitly acknowledged USTR's reservations about placing sanitary and phytosanitary (SPS) issues in the same collaborative framework with technical barriers to trade (TBT).

17. (SBU) Leycegui noted that the Mexican veterinary and phytosanitary service (SENASICA) is working on definitions of standards that should be harmonized, as well as common procedures, audits, and handling of disease outbreaks. SENASICA, she said, has identified 2 or 3 proposals with which it wishes to start. She said it is not clear whether SENASICA will seek an MOU or be content with a workplan, but added that the Mexican presidential administration "wants more formality". She said SE understands U.S. resistance to higher levels of formality. Dorantes said that from the Mexican perspective the best scenario is the trilateral MOU presented to USTR in July (REFTEL).

18. (SBU) Leycegui opined that a first step might be to reproduce the almost-finished meat inspection protocol negotiated by SENASICA and USDA's Food Safety and Inspection Service in the poultry sector. She said she had discussed this

with Sergio Chavez, head of the Mexican National Poultry Union, and said he is receptive. She suggested that "substantial progress" could be made by SENASICA and FSIS before the National Poultry Union's annual congress in November, if that union and its U.S. counterpart, the USA Poultry and Egg Export Council, are equally supportive.

¶9. (SBU) Leycegui added that Mexico is trying to put together a formal mechanism for private-sector input into this process, which will include NGOs as well as private industry.

¶10. (SBU) In response to a question from emboff, Leycegui noted that non-agricultural regulatory cooperation is also very much on SE's mind, for example in telecommunications standards. However, she said, we need a plan, and to define who the competent authorities will be. SE is preparing a list but it has not yet been cleared internally, let alone vetted by the private sector interests, but she foresees this list coming forth in a few months as a proposed annex to the draft MOU on regulatory cooperation.

FIVE-MINISTERS MEETING

¶11. (SBU) Leycegui expressed Mexico's desire to convoke a meeting of the "five ministers" (Commerce Secretary Locke and USTR Kirk from the U.S., Ministers Clements and Stockwell-Day from Canada, and Ruiz Mateos from Mexico) to discuss competitiveness. She betrayed some frustration that no such meeting appears possible in calendar 2009, but expressed hope that such a meeting could be scheduled for January or February. This meeting, she noted, should include private sector input and Mexico is considering what NGOs (industry associations, consumer groups, etc.) might best be included.

CCA FOLLOWUP

¶12. (SBU) Leycegui acknowledged receipt of AUSTR Murphy's letter on pistachios and said SE is preparing a cover letter to transmit it to the Secretariat of Finance (which oversees Customs).

¶13. (SBU) On sugar, Leycegui said the new regulations requiring licenses to export sugar have been published so that matter is now closed.

¶14. (SBU) On dairy products, Leycegui said we need to "push the agenda" and put together the working group proposed at the CCA.

COMMENT:

¶15. (SBU) Taking its cue from the Guadalajara summit, Mexico has begun to prepare itself to take a first stab at a trilateral proposal on both agricultural and non-agricultural regulatory cooperation. The GOM proposes that this cooperation would begin in a few agricultural sectors, and is also preparing a list of non-ag sectors including telecoms as a basis for discussion. Mexican officials are under no illusions about the bureaucratic hurdles in Washington. They hope to clarify their intentions over the next months. However, they are also keenly aware that a mechanism that could

potentially ease trade barriers could find private sector support on both sides of the border, and continue the leaders' summit tasking.

¶16. (SBU) In side conversations the Mexicans have pointed out that once you have low tariffs, SPS and TBT issues come next. They are proceeding carefully, looking for practical solutions and low hanging fruit, and avoiding dogma in how to move forward. The Mexicans are also clearly aware that this long-term solution could be a palliative for a number of perennial trade irritants. While we and they recognize it would be bound to be a challenging and complex process, it would clearly be the kind of approach ("a more competitive North America") that political leaders in both countries are likely to appreciate.

PASCUAL